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April 13, 2009

The Honorable Gary Locke
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1401 Constitution Ave, N.W.
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The Honorable Tom Vilsack
Secretary, U.S. Department of Agriculture
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The Honorable Anna Gomez
Acting Assistant Secretary, Deputy Assistant Secretary for Communications and Information
Office of the Assistant Secretary, National Telecommunications Information Administration
US Department of Commerce
1401 Constitution Ave, N.W.
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Re: American Recovery and Reinvestment Act of 2009
Docket No. 090309298-9299-01

Secretary Locke, Secretary Vilsack, and Assistant Secretary Gomez:

On behalf of United States Cellular Corporation ("U.S. Cellular"), we write to provide the following comments as set forth in the Federal Register publication of March 12, 2009.¹ In accordance with advice provided at the recently held public meetings, we provide brief bullet point comments on key questions set forth in the agencies' Federal Register publication.

¹ 74 F.R. 10716 (Mar. 12, 2009).

1. What is the appropriate role for states in selecting applicants?

- States can assist by providing NTIA with information about unserved and underserved areas within the state, and by identifying areas of special need that should receive priority. Although NTIA may take into account state recommendations when reviewing applications, NTIA should decide which projects provide the greatest value to the most citizens.
- Projects must be permitted (although not required) to encompass the construction of broadband facilities across multiple states. That is, although the statute requires each state to receive at least one project award, NTIA is not required to segregate projects by state. For a variety of reasons, including efficiency and scale economies, carriers may propose projects that cross state boundaries and for which funding on a multi-state basis is integral to the success of the project. Multi-state projects should not receive a preference over single state projects, but they must be permitted.

A carrier with a proposal covering two or more states must not be required to file separate applications for each state. If states are given authority to award grants, applicants with multi-state networks will be severely disadvantaged and citizens in those areas may be denied an otherwise superior proposal.

2. What entities, other than those established in 6001(e)(1)(A) and (e)(1)(B), should be eligible for grants?

- NTIA must adopt a rule allowing any entity holding a state or FCC authorization to provide communication services, to be automatically eligible to apply for a grant under the BTOP and RUS programs. The services provided by these license holders as common carriers are already imbued with a substantial public interest obligation. As permitted under 6001 (e)(1)(C), the rules should find that grants to all such entities to be in the public interest.
- Existing carriers have already made substantial investments in our nation's rural infrastructure. One of the most efficient ways for the government to invest scarce program dollars is to allow carriers to leverage existing infrastructure to expand broadband capabilities in rural communities they currently serve, and those they hope to serve.

- Were existing carriers to be declared ineligible, the nation would be deprived of a deep pool of expertise, investment and intellectual capital desperately needed to foster plans that can lead to sustainable broadband deployments in rural and high-cost areas.

3. Factors to consider in establishing selection criteria.

- There must be a scoring format that establishes the greatest “bang for the buck” to rural citizens. There must be a balancing of broadband speed, the cost and time to deploy, and important functionalities such as mobility. Some areas will be prohibitively expensive to serve with a fiber build, yet would receive high-quality mobile broadband services through wireless technology, even if at speeds below those achievable through fiber. For example, when comparing two projects of equal cost, and with all else equal, 1000 people served on wireless broadband at 2 Mbps peak throughput would be preferred over 100 people served by fiber.
- The value of mobile wireless services in rural areas must be recognized. Many developing nations have demonstrated a technological “leap-frogging” effect from installing mobile wireless networks. Accordingly, applicants proposing mobile wireless broadband technology should have additional points added to their applications.
- If an applicant demonstrates that it can complete the project within one year of receiving funds, it should have additional points added to its application.

4. Factors to be given priority in determining whether proposals will encourage sustainable adoption of broadband service.

- An applicant with a track record of providing telecommunications or information services to unserved and underserved areas should have additional points added to its application because carriers serving such areas have a demonstrated ability to sustain new projects in rural and high-cost areas.
- An applicant demonstrating the ability to leverage federal or state universal service funds to deliver telecommunications infrastructure should receive additional points on its application. Such leverage delivers substantial value to the taxpayer and a higher likelihood that the project will be sustainable in rural or high-cost areas. For example, current federal universal service funding supports voice, while ARRA funds may be used

to overlay broadband on towers and backhaul facilities previously constructed with USF support. This powerful leverage can benefit consumers greatly.

- Eligible telecommunications carriers (“ETC”) designated pursuant to 47 U.S.C. Section 214 should be presumed to be already serving unserved and underserved areas. As such, these carriers should have additional points added to their applications upon demonstration of how program funds will leverage existing investments. It is in the public interest to use program funds to leverage prior investments made by ETCs. For example, an ETC that has used universal service funds to construct voice services in remote areas can efficiently use program funds to overlay broadband on those facilities maximizing the investment that consumers have already made in such facilities by their contributions to USF.

5. What role if any should retail price play in the program?

- It is impossible for carriers to know in advance what the retail price of a broadband service offering must be over an extended period of time in order to generate a return on investment; the retail price of a broadband service must be allowed to change in response to numerous market factors. Public entities that lack experience operating commercial networks can be expected to have even more difficulty fixing an appropriate retail price in advance. Entities, whether public or commercial, that promise below-market pricing to enhance the appeal of their applications, are likely to prove non-viable, resulting in a loss of the public’s investment and of access to broadband for the affected consumers.
- The best way to ensure affordability is for NTIA to work with the FCC to expand the federal lifeline program to provide low-income consumers with discounts for broadband service. Increasing low-income usage will have enormous benefits for consumers able to access broadband services, and it will help to sustain the networks constructed with program funds.

6. Definitions.

- Broadband: When provided by a wireless carrier, broadband means any current 3G/4G mobile broadband technology as specified by the International Telecommunications Union, including EVDO, HSPA, WiMax or LTE.

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U.S. Cellular appreciates the opportunity to provide these comments and contribute to the process. We welcome any questions or requests for additional information that you may have.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. LaFuria', written in a cursive style.

David A. LaFuria

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